



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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JAMES F. STAHL
Chief Engineer and General Manager

June 1, 2006

File No. 31-150.13.10

Boards of Directors
County Sanitation Districts
Nos. 27 and 35 of
Los Angeles County

Directors:

Consolidated Agenda

The consolidated agenda includes the following items for the regular meetings of the Boards of Directors of the Districts meeting Tuesday, June 13, 2006.

1. Approval of Minutes. Copies of these minutes have been provided to each of the Directors.
2. Approval of Departmental Invoices. A departmental invoice is an internal document that transfers each District's proportionate share of expenditures made by District No. 2, the administrative District, on behalf of the participating Districts in accordance with the authority granted through the approved annual budget and applicable joint powers agreements. During the month, charges are made to a clearing account which is administered by District No. 2 and then are distributed at month end according to said agreements.
3. Appropriations Limit (3). The Constitution of the State of California, which was approved in November 1979, places a constitutional limit on the authorization to expend the proceeds of taxes levied by state and local government in California. In January 1981, the Government Code was amended to require the governing body for each local jurisdiction to establish, by resolution, an appropriations limit for each fiscal year. The appropriations limit for fiscal year 2006-07 has been determined by adjusting the previous limit for fiscal year 2005-06, based upon change factors for service area population increases and the change in the California Personal Per Capita Income. The appropriations limit has also been adjusted to include the increased costs of complying with federal requirements (mandated costs). This is in accordance with the procedures outlined in Article XIII B and Section 7910 of the California Government Code. The calculations are shown in Exhibit No. 1.
- 4., 5., 6. 2006-07 Budget Matters. Attached are copies of the proposed budgets for fiscal year 2006-07 with a breakdown of the items included in each sewerage system budget. Each budget has been prepared to show necessary expenditures for the fiscal year July 1, 2006 to June 30, 2007 and cash flow requirements for the following six-month period until future income becomes available. Budget resources for District No. 27 include cash on hand, a pro rata share of ad valorem tax, bond proceeds, interest, and future obligation fund monies. Budget resources for District No. 35 include cash on hand and interest. Neither District currently collects revenue from a service charge shown as a separate line item on individual property tax bills. Existing revenue sources and fund balances are adequate to meet current obligations but, in future years, District No. 27 will need to institute service charges.

The sewerage system budget has been prepared in accordance with the Joint Administration Agreement. In the case of Districts which contract with the City of Los Angeles for sewerage service (District No. 27) or for Districts which are inactive (District No. 35), the Joint Administration Agreement states that these Districts shall pay one one-hundredth of one percent of all joint expenses.

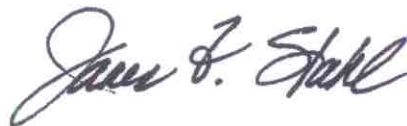
District No. 27 currently owns and operates trunk sewers and a pumping plant within the District. However, the District does not own or operate any treatment and disposal facilities. The District contracts for these services with the City of Los Angeles. The District's staff has no direct control over the City of Los Angeles' costs. Thus, the portion of the proposed budget attributable to disposal O&M and capital is a direct reflection of the City of Los Angeles' operation and maintenance costs.

The local sewer O&M cost reflects the cost of operating and maintaining the District's local pumping plant. However, the District is evaluating the feasibility of constructing a gravity sewer that would eliminate the need for the pumping plant. If this project is deemed to be environmentally and financially feasible, its construction will significantly decrease the local sewer O&M cost. The capital cost of the proposed sewer will be funded with available bond proceeds.

The 2004-05 Budget Act authorized the State to reallocate the distribution of property taxes from local governmental entities to the Educational Relief Augmentation Fund (ERAF). The Act, as subsequently amended by Proposition 1A, provided for the shift to occur in fiscal years 2004-05 and 2005-06 and allows the State to shift property taxes for one additional fiscal year during the next ten years. Any subsequent taking would require the State to first repay, with interest, the previous taking. The net effect is that the Districts' wastewater operations, in aggregate, lost \$57 million in property taxes for the two-year period of 2004-05 and 2005-06. District No. 27 lost approximately 13% of its property taxes for those years. Based on the Governor's proposed budget, it appears that the State will not exercise its right for the one additional taking in fiscal year 2006-07. Therefore, the proposed budget assumes that the amount of property tax that the District receives will return to its historical levels in 2006-07.

The cost of acquisition, implementation, and daily operation of the Districts' operated landfills and transfer stations is paid for by charges to customers at those facilities. These charges are based on weight and type of material. The attached sewerage system budget does not include expenditures related to the operation of the solid waste facilities.

Yours very truly,



James F. Stahl

JFS:vm

Enclosures

cc: B. Richard Marsh
Paul Novak
Norm Hickling
Samantha Bricker
Executive Office (8 copies, one for PRESS with minutes of March 14, 2006 meeting attached)

SUMMARY OF 2006-07 APPROPRIATIONS LIMITS FOR SANITATION DISTRICTS NOS. 27 & 35

DISTRICT NUMBER	2005-06 APPRO. LMT EXCLUDING MANDATED COSTS	POPULATION CHANGE FACTOR	APPRO. LMT* CHANGE FACTOR	2006-07 APPRO. LMT EXCLUDING MANDATED COSTS	2006-07 MANDATED COSTS	2006-07 APPRO. LMT INCLUDING MANDATED COSTS	ESTIMATED AD VALOREM TAX REVENUES	DISTRICT NUMBER
27	\$ 568,417	1.01280	1.0529	\$ 598,490	\$ 2,185	\$ 600,675	\$ 178,000	27
35						N/A **		35

* This column represents the net change resulting from the percent change in population and the percent change in Per Capita Income of 3.96%, and for illustrative purposes is rounded to the fourth significant digit.

** This District is not subject to an appropriations limit as it does not receive any proceeds of taxes.

**COUNTY SANITATION DISTRICT NO. 27 OF LOS ANGELES COUNTY
SEWERAGE SYSTEM FINAL BUDGET FOR 2006-07**

**REQUIREMENTS FOR FISCAL YEAR
JULY 1 THROUGH JUNE 30:**

APPROPRIATION:

	2006-07
O&M - Joint Administration	\$ 1,000
O&M - Technical Services	3,000
O&M - Contract Disposal	44,000
O&M - Local District Sewers	56,000
Capital - Joint Administration	100
Capital - Local Capital	304,000
Capital - Disposal to City of Los Angeles	91,000
Bond Repayment	66,000
Previously Incurred Expenses	17,000
Contingency for Emergency	10,000
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	\$ 592,100

CASH FLOW REQUIREMENT (for period
JULY 1 THROUGH DECEMBER 31)

143,000

TOTAL BUDGET:

\$ 735,100

ESTIMATED CASH AND REVENUE:

Cash on Hand July 1	\$ 147,000
Taxes	178,000
Transfer of Bond Proceeds	300,000
Interest	20,000
Transfer from Future Obligations Fund	90,100
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TOTAL RESOURCES:	\$ 735,100

COUNTY SANITATION DISTRICT NO. 27 OF LOS ANGELES COUNTY
JULY 1, 2006 THROUGH JUNE 30, 2007

PROPOSED CAPITAL PROJECTS

JOINT ADMINISTRATION: \$ 100

LOCAL:

1. District 27 Gravity Sewer	\$ 300,000	
2. District 27 Pumping Plant	<u>4,000</u>	
		\$ 304,000

TOTAL PROPOSED CAPITAL PROJECTS: \$ 304,100

Bond Fund

Beginning Balance	\$ 896,000
Interest	25,000
Expenses	<u>(300,000)</u>
Ending Balance	\$ 621,000

Future Obligations Fund

Beginning Balance	\$ 87,000
Interest	6,000
Expenses	<u>(90,100)</u>
Ending Balance	\$ 2,900

**COUNTY SANITATION DISTRICT NO. 35 OF LOS ANGELES COUNTY
SEWERAGE SYSTEM FINAL BUDGET FOR 2006-07**

**REQUIREMENTS FOR FISCAL YEAR
JULY 1 THROUGH JUNE 30:**

APPROPRIATION:

	2006-07	
O&M - Joint Administration	\$ 1,000	
Future District Activities	14,700	
TOTAL BUDGET:		\$ 15,700

ESTIMATED CASH AND REVENUE:

Cash on Hand July 1	\$ 15,000	
Interest	700	
TOTAL RESOURCES:		\$ 15,700

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICTS
NOS. 27 AND 35

To be held in the HEARING ROOM
OF THE BOARD OF SUPERVISORS
Kenneth Hahn Hall of Administration, Los Angeles, California

TUESDAY		June 13, 2006		At 9:30 A.M.
BRATHWAITE BURKE	KNABE	ANTONOVICH (Chairperson)	MOLINA	YAROSLAVSKY

1. Recommendation: Approve minutes of the regular meetings held March 14, 2006 (both Districts).
2. Recommendation: Approve departmental invoices as follows:

	<u>February</u>	<u>March</u>	<u>April</u>
District 27 (3)	\$3,120.77	\$3,197.05	\$2,511.21
District 35 (5)	291.44	551.69	298.83
3. Recommendation: Establish by resolution appropriations limit for fiscal year 2006-07 as required by California Government Code Section 7910 utilizing the population change within Sanitation District No. 27 (3) at \$600,675.
4. Recommendation: Adopt Operating Fund budget for fiscal year 2006-07 (both Districts).
5. Recommendation: Adopt a resolution requesting a tax levy for the Operating Fund in District No. 27 (3) at \$178,000.
6. Recommendation: Authorize appropriations in the Operating Fund per budget (both Districts).

Adjourn

DISTS. 27 AND 35

JUNE 13, 2006

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 02/28/06

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: Feb. 28, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Mar. 16, 2006

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	1,842.20
Joint Administration - Capital		36.19
Local - Capital		1,242.38

Total of all charges	\$	<u>3,120.77</u>
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Recap 056

Document No. 804

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 02/28/06

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: Feb. 28, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Mar. 16, 2006

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 255.11
Joint Administration - Capital	36.33

Total of all charges	<u>\$ 291.44</u>
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Recap 056

Document No. 810

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 03/31/06

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: Mar. 31, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Apr. 18, 2006

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	2,645.07
Joint Administration - Capital		27.50
Local - Capital		524.48

Total of all charges \$ 3,197.05

Recap 063

Document No. 843

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 03/31/06

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: Mar. 31, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Apr. 18, 2006

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	524.10
Joint Administration - Capital		27.59

Total of all charges	\$	<u>551.69</u>
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Recap 063

Document No. 849

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 04/30/06

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: Apr. 30, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: May. 30, 2006

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	1,702.05
Joint Administration - Capital		54.45
Local - Capital		754.71

Total of all charges \$ 2,511.21

Recap 070

Document No. 882

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 04/30/06

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: Apr. 30, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: May. 30, 2006

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	244.23
Joint Administration - Capital		54.60

Total of all charges	\$	<u>298.83</u>
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Recap 070

Document No. 888

Date Board Approved: _____